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SUBJECT: BARROSO'S NEW COMMISSION SHOULD BE GOOD  
FOR U.S. ECONOMIC POLICY INTERESTS

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11. (SBU) Summary: EU Commission President Barroso's announced line-up of the policy portfolios for the new Commission that takes office on/about February 1 has mostly good implications for U.S. economic policy interests:

- New Trade Commissioner Karel de Gucht (Belgian Foreign Minister until September) takes over the Transatlantic Economic Council; known for his straight-talk, de Gucht is also seen as someone who can close deals;
- On capital markets, Frenchman Michel Barnier may bring a decidedly French and political approach to the internal market and financial services, but will be offset by a new British Director General, Jonathan Faull;
- Finn Ollie Rehn will bring his Oxford PhD in economics to his new Economic and Finance position, where he'll play a role in the G-20 even as he tries to manage winding down member state deficits;
- Spanish Commissioner Joaquin Almunia moves from ECFIN to Competition, where he will bring his economics background to touchy competition policy cases (such as Oracle/Sun) and will likely continue Neelie Kroes's tough line on bank state aids;
- Kroes herself takes up the information and communications technologies Q including a new ten-year digital economy plan and telecoms liberalization -- from Viviane Reding;
- Climate change may be a problem with Dane Connie Hedegaard in the lead, but environment otherwise may be less problematic with Slovene (and former S&T Commissioner) Potocnik;
- Energy will be with the new German Commissioner, Gunther Oettinger, who may try to smooth over some of the EU-Russia tensions over supply disruptions;
- Estonian Commissioner Siim Kallas takes up the transport portfolio (minus space), along with the U.S.-EU aviation negotiations;
- Agricultural policy goes to Romania's former agricultural minister; this, and the shift of biotech away from DG ENV to DG SANCO (and former Research Commissioner Potocnik) may bode well on biotech;
- Industry and entrepreneurship, supplemented with space, goes to the Italian Tajani, who will bring a lower-profile to a portfolio now focused

on the woes of the auto sector; and  
-- Regulatory cooperation is more strongly centralized in the SecGen's office; the Maltese Commissioner who will have the re-combined Health and Consumer portfolio, where so many transatlantic regulatory issues lie (food safety, consumer protection) is well respected by the Amcham President. End Summary.

12. (U) EU Commission President Barroso announced his new Commission on Friday, November 27, just three days after the Netherlands nominated the last of the Commissioners-designate. The new line-up, which goes into effect only after extensive hearings before and approval by Parliament in January, has significant implications for U.S. economic policy, since the Commission has a lead policy role in the European Union & itself the world's largest economy, largest trader, largest donor and heavy-weight in virtually all international economic fora, even where not directly a member.

13. (U) Of the 27 EU Commissioners (one per member state), 18 have portfolios with significant economic policy content, affecting member state fiscal policy, financial services, trade, aid, competition policy, climate and environment, energy, telecommunications and many other areas. In each of these, the Commissioner proposes both policy initiatives and EU legislation, and must then get measures approved by the 27 member states in the EU Council and the European Parliament all the while negotiating or talking to us and the many other countries affected by the EU's policy

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choices.

14. (U) This cable provides a brief resume of the key economic policy Commissioners and the top U.S.-EU issues they will handle by policy area, divided into four themes: external (trade, customs/taxation); fiscal/macro; "horizontal" policies; and sector-specific portfolios (agriculture, industry and the like). The new High Representative for Foreign Affairs and Security Policy, Cathy Ashton, who will also have a significant economic policy role especially with respect to U.S.-EU cooperation on third country issues, is not covered here; see London 2623. Similarly, the new Commissioners for Justice and Home Affairs, and for enlargement and development, will be treated separately, although all deal with economic policy issues, including the increasingly difficult one of data privacy.

General Assessment  
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15. (SBU) In terms of economic policy, Barroso's apportionment of the portfolios strikes us as being generally favorable to U.S. interests: Barroso appears to have reinforced both his generally liberal economic reform instincts and to have struck a note of independence from the big four member states. The two areas where we see the greatest potential for problems are in internal markets and services, where Paris appears to have wrested for Michel Barnier the control it sought over capital markets (although Barroso offset this by appointing a well-respected Brit as the new DG MARKT Director General under Barnier), and in climate change. Interestingly, none of the four big member states got the high-profile trade and competition policy portfolios, which went to

the relatively strong Belgian and Spanish Commissioners.

#### External Economic Policy Q Trade, Customs

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¶6. (U) The Commissioner for Trade is our key economic policy interlocutor in the Commission. The Commissioner, who negotiates trade agreements on behalf of the EU and its 27 member states, is the U.S. Trade Representative's primary European contact, although the remit also covers other aspects of bilateral and multilateral economic relations. This broader role expands with the new Commission Q President Barroso used the occasion to assign responsibility for the Transatlantic Economic Council (TEC) Q the U.S.-EU "intergovernmental cabinet meeting" on economic policy Q to the Trade Commissioner. In addition, the Lisbon Treaty that goes into effect December 1 gives the incoming Commissioner a major new policy area Q negotiating international investment protection agreements, previously the purview of the member states, and a new political headache: a significantly increased role for the European parliament in trade negotiations (septel).

¶7. (SBU) Karel de Gucht, the Belgian who has been Development Commissioner for only two months (he replaced Louis Michel when the latter joined the European Parliament this summer), was a surprise choice for the Trade Commissioner position, not least as he comes from a small member state. A Flemish Liberal (center-right, with more free trade tendencies), the 55 year-old de Gucht has been Belgium's Foreign Minister for the past five years; he also has extensive EU experience through 14 years in the European Parliament. De Gucht has won a reputation as a straight-talker (including with blunt statements about human rights in some developing countries), but he's also portrayed as politician who can reach compromises. De Gucht's Chief of Staff, Marc Van Heukelen, an economist who is extremely close to de Gucht and who headed the U.S. Office in the Commission's External Relations Department for the past two years, will

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bring a strong interest in transatlantic relations as well as extensive experience in the TEC to the new Commissioner.

#### Taxation/Customs:

¶8. (U) The Commissioner for Taxation and Customs (TAXUD) works more with DHS and CBP on border security issues than with Treasury on taxation, where the EU's role is generally limited to internal indirect taxes (VAT). Current Commissioner Kovacs has focused in his dealings with us on our 100 percent container scanning requirement, but at the last TEC meeting he was more balanced, underlining the EU's equally strong interest in preserving the integrity of the container system. We have a fairly good working relationship with the Commissioner's services, DG TAXUD, on such things as WCO rules (where the EU has become less helpful recently) and on IPR enforcement, where we've done a joint seizures of counterfeit semi-conductors under Operation Infrastructure.

¶9. (SBU) Lithuanian Algirdas Semeta may bring a slightly more fiscal-oriented approach to the TAXUD role. A Member of the European Commission since July 2009, the 47 year-old Semeta graduated

as an economic mathematician from the "Faculty of Economic Cybernetics and Finance" of Vilnius University in 1985 and found himself Chairman of the Securities Commission from 1992-1997 and Minister of Finance from 1997 to 1999, a position he held again before being appointed, in July 2009, to the European Commission responsible for Financial Programming and Budget.

Overall Economic Policy Q ECFIN, Budget and Regional Policy

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ECFIN:

¶10. (SBU) The Commissioner in charge of Economic and Finance issues helps guide EU member state fiscal and Eurozone monetary policy, although more through suasion than direct control. The Commissioner lays out the broad economic policy guidelines meant to direct member state fiscal policy; issues warnings about, and recommends corrective steps for, "excessive" member state deficits; and represents the Commission in the Eurogroup "troika" (with Eurogroup Chair Juncker and ECB President Trichet), including in the G-20 and in IMF-related issues such as balance of payments support. Spaniard Joaquin Almunia, the outgoing ECFIN Commissioner, developed credibility in this role, including in bringing excessive deficit procedures against the UK, France and Italy. Indeed many thought it likely Almunia would remain at ECFIN, although this may have become uncomfortable for him with the tough measures ECFIN may have to bring against Madrid for its growing fiscal problems.

¶11. (SBU) Certainly Finnish Commissioner Olli Rehn was not the first name that leapt to mind as Almunia's replacement, but as Enlargement Commissioner he too has developed a reputation as a strong character, openly disagreeing with even big member states on such sensitive issues as Turkey's EU accession and the Balkans. Rehn, 46, is in the Liberal group. He was a member of the Finnish Parliament from 1991 to 1995, and a Member of the European Parliament (MEP) from 1995-1996, becoming head of Cabinet for Enterprise and Information Society Commissioner Liikanen from 1998 to 2002. Liikanen has headed the Finnish Central Bank since Rehn became Commissioner in 2004, following a year as Economic Adviser to the Finnish Prime Minister. Rehn, who comes into his position representing one of the EU member states seen as innovative, competitive and well-managed, studied economics, international relations and

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journalism at Macalester College in Minnesota, and has a PhD in international economics from Oxford. The combination of Rehn's representing fiscally-prudential Finland and his own strength of character should help him push fiscal laggards towards consolidation across the EU, although he will likely also listen closely to the political guidance of Barroso.

Budget and Regional Policy:

¶12. (SBU) At about \$150 billion Euros, the EU budget does not have much macro impact in the EU economy Q in fact, it's explicitly limited to just over 1.2 percent of EU GDP (while the member state governments collectively spend closer to 50 percent) and the EU has a constitutional balanced

budget requirement. That said, EU funds and guarantees can play an important role in EU support for third countries, and have a significant impact in supporting the new Central European members (see USEU Brussels 382). And because the budget is a zero-sum game, negotiating any changes in it with the European Parliament can be extremely difficult.

¶13. (SBU) In this sense, Barroso's decision to appoint Poland's Janusz Lewandowski as Budget Commissioner is significant. A 58 year-old economist who was active in the Solidarity movement and who has lectured at Harvard, Lewandowski became Chair of the EP's Budget Committee when he became an MEP in 2004, and by this time knows the ins and outs, as well as the institutional tensions, of the brief. Assigning regional policy (the manager of the substantial amount of the EU budget that goes to Central Europe and other poorer regions) to Austrian Johannes Hahn also makes sense, as Austria has a strong interest in the health of the Central European economies and Hahn will also wield the funds that go toward rural development, an important consideration for the Austrian agricultural sector. Hahn, who has a doctorate in Philosophy and who often goes by the nickname "Gio," has served as Austria's Federal Minister for Science and Research since 2007.

Horizontal Policies Q Competition, Internal Market, S&T, Climate, Environment, Health and Consumer Affairs

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¶14. (U) The main "horizontal" EU economic policies are competition, internal markets, research and development, environment, health and consumer protection (as well as labor and education, but these two policy areas are not considered in this cable), all issue areas of increasing importance to transatlantic economic relations.

Competition:

¶15. (SBU) The Competition Commissioner is generally seen as the most powerful economic-policy person in the Commission behind the President, as this is the one area where the Commission has autonomous power. Current ECFIN Commissioner Joaquin Almunia thus joins a long line of well-known predecessors: Neelie Kroes, Mauro Monti, Karel van Miert, Sir Leon Brittan and Peter Sutherland to name the most recent. Many of these fought and won highly-publicized battles with U.S. giants (Microsoft, Intel, Oracle, Sun, GE, Honeywell, Boeing) over the impact of mergers or dominant positions in the EU market, but they have been equally tough on many top European firms. More recently, the Competition Commissioner has also played a key role in ensuring that massive state aid flowing to European banks and other firms (including General Motors) in the wake of the crisis do not distort competition, often ordering remedies that could, for example, decrease the EU presence in U.S.

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financial service markets.

¶16. (SBU) As an economist and Commissioner who has been deeply engaged in the EU response to the financial and economic crisis, Almunia, 61, is certainly well-versed in many of these issues. He

is expected to take a lower-profile on many of the competition and state aids cases, and his presence may well help strengthen the voice of the Chief Economist in DG COMP (potentially to the benefit of U.S. firms under scrutiny). Before coming to Brussels, Almunia was twice a Minister in Felipe Gonzalez's Socialist government, and indeed led the party for three years, standing unsuccessfully for Prime Minister in 2000. Some wonder whether he won't be softer on state aids given his political past, but his job is to ensure bigger member states don't support their industry to the disadvantage of weaker. And, as one of the older Commissioners, he may not anticipate returning to political life.

#### Internal Markets and Financial Services:

¶17. (SBU) The Internal Markets portfolio was among the strongest when the then-European Community implemented the Single Market; with enlargement a considerable amount of its authority has seeped away to other sectoral Commissioners. It remains, however, the voice to be reckoned with in the Commission on Financial Services and the EU's response to the financial crisis. Once seen as a "liberal Anglo-Saxon" on capital markets regulation, in the aftermath of the financial crisis current Irish Commissioner Charlie McCreevy demonstrated that Commissioners as politicians can and will over-ride their professional services, and a number of the Commission's proposals on hedge funds and private equity, derivatives and capital requirements have created frictions with Washington, London and New York. In fact, McCreevy is reported to have gone around the Commission in getting the EP to propose an amendment on derivatives that essentially forced the industry to "volunteer" to commit to a central clearing party platform.

¶18. (SBU) Michel Barnier, a French conservative MEP who has served as Foreign Minister, EU Minister and EU Commissioner (1999-2004), is no stranger to Brussels or European politics. Nor is he a stranger to transatlantic economic issues as French Agriculture Minister in 2008, he created the political backlash that defeated a Commission proposal to finally end our long-standing "chicken wars." Barnier does, however, seem a bit of a stranger to the financial services portfolio, and France's intense lobbying to have its Commissioner take this up implies Paris may try to take a more hands on approach through Barnier. This is undoubtedly one reason why Barroso announced, when answering questions about this assignment, that he would assign the highly-respected Jonathan Faull, now Director-General for Justice and Home Affairs, to head DG MARKT under Barnier. Both men are likely to bring a strong emphasis on general services liberalization and IPR protection to DG MARKT, another area of critical interest to us.

#### Research, Innovation and Science:

¶19. (SBU) The Research, Innovation and Science Commissioner oversees the EU's 50 billion euro Seventh Framework Program as well as its network of Joint Research Centers. It is the main counterpart for the extensive U.S.-EU Science and Technology Agreement, has close ties to virtually all USG scientific agencies, including NSF, NASA, DOE and others; the Commissioner sits on the U.S.-EU Energy Council established at this month's U.S.-EU Summit.

¶20. (SBU) Shifting the S&T portfolio to McCreevy's Irish successor, Maire Geoghegan Quinn, is



immediately appealing given Ireland's reputation

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(now somewhat tarnished) as a "tiger" economy with substantial U.S. high tech investment. (Indeed, Geoghegan Quinn was reportedly once a member of the Board of the Ganley Group, a generally high-tech private-equity investor owned by anti-Lisbon Treaty activist Declan Ganley.) Geoghegan-Quinn will bring to the Commission nearly ten years on the EU Court of Auditors, where she gained in-depth insights into the workings of Commission Programs, including the Research Framework Programs. A well-known Irish politician, Geoghegan-Quinn, 59, became the first female member of the Irish cabinet in 1979, and was subsequently Minister for Tourism, Transport and Communications and for Justice before retiring from political life in 1997. Some of her actions reducing sentences may come up in her EP hearings.

Climate:

¶21. (U) Although he announced some weeks ago that he would create a "Commissioner for Climate Action" to reinforce the EU's intention to achieve its ambitious "20-20-20" greenhouse gas reduction goals, Barroso used the naming of his new Commission to spell out what this means, transferring to the new Commissioner most of the climate change division of DG Environment. The Commissioner's responsibility is explicitly cross-cutting, working most closely with the Commissioners of Energy and the Environment.

¶22. (SBU) And Barroso could not have signaled the seriousness of his intent more clearly than by appointing Dane Connie Hedegaard to this position. Now Climate and Energy Commissioner of the Nordic country, Hedegaard has the government's lead preparing the December Copenhagen meeting of the parties to the UN Framework Convention for Climate Change, COP-15. Globally well-known (one of Time's Top 100 newsmakers for 2009), Hedegaard, 49, is seen as a dynamic if media-hungry politician, who may run into conflicts with those in the College who see a need to be more "realistic" in transforming the European economy. (These intra-college tensions will ensure that Barroso and his Secretary General retain considerable influence over climate policies.) Embassy Copenhagen notes that while Hedegaard has been a sometime critic of U.S. climate policy, she is conversant with U.S. domestic climate politics and has excellent personal climate contacts on the Hill. She has been willing to engage constructively with the Embassy and U.S. officials.

Environment:

¶23. (U) In ways, the EU focus on climate change has overshadowed many of the other aspects of DG Environment, which, like the EPA, is a major regulator in Europe, proposing legislation and regulations on chemicals, energy-efficiency, biofuels sustainability, pesticides, air and water quality and many other areas of direct relevance to U.S. exporters and companies invested in Europe. While splitting out climate change from DG ENV may not be to the liking of Director General Karl Falkenberg, it may help provide much-needed political attention to these other areas.

¶24. (SBU) In this sense, the appointment of Slovene Commissioner Janez Potocnik to the post of

Environment Commissioner should be positive for us. An economist, the 51-year-old Potocnik has done well as Science Commissioner over the past five years, and has demonstrated a strong transatlantic leaning, including when he co-signed a letter in Science magazine with the head of the National Institutes of Health on joint funding for U.S.-EU health research projects. Whether he wants or is able to bring a bit more sanity to the EU's chemicals regulation Q REACH Q remains to be seen.

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#### Health and Consumer Affairs:

¶25. (U) Science at times has also been lacking in the EU's approach to consumer safety, in particular with respect to food safety, where political perceptions of public desires have often held sway despite scientific evidence. Nonetheless, key U.S. regulatory agencies like the Animal and Plant Health Inspection Service, the Food Safety Inspection Service, FDA, the Consumer Product Safety Commission and the Federal Trade Commission have established good working relations with their EU counterparts in this and other areas of regulation, including pharmaceuticals, medical devices and consumer safety and information. This despite the fact that their main EU counterpart, DG SANCO, has had to report to two different Commissioners since responsibilities for it were divided between two Commissioners, now Vassiliou and Kuneva, with enlargement in 2004.

¶26. (SBU) We expect these transatlantic regulatory relationships to continue to grow under the new Commissioner, John Dalli of Malta. The reunification of health and consumer safety under one Commissioner has been generally welcomed in EU consumer circles, and Dalli, although unknown to Europe, may be a good chief. Certainly this is the view of the current President of Amcham EU, Malta's Ambassador to the EU before he joined General Electric and now Microsoft, who knows Dalli well. Malta has, however, not been an ally on new food technologies in the past Q notably generally opposing biotech approvals; a similar political dynamic in her Cypriot constituency led the previous SANCO Commissioner to be less than courageous in supporting science over perceived public opinion. Dalli, 61, now Malta's Social Policy Minister with responsibility for health has held numerous other cabinet positions in the Maltese government, including as Minister of Finance, Foreign Relations, and Economic Affairs. He too may face tough questioning in the EP for old allegations of misconduct on government contracts; his ties to Libya may also present concern.

#### Sectoral Policies

##### ----- Agriculture:

¶27. (U) The agricultural sector consumes nearly half of the EU budget, including an expenditure on subsidies that has long been a thorn in the side of U.S.-EU trade relations. This proportion has been sliding as the EP Q long without a voice over this part of EU spending Q whittled it away in favor of internal policies. The Lisbon Treaty, however, finally gives the EP co-decision over agricultural spending with the member states,



adding a major new political twist with which the new Agricultural Commissioner Q and we -- will have to contend.

¶28. (SBU) Of the Commissioners available to him, Barroso was right in telling the press that the new Romanian Commissioner, Dacian Ciolos, is the best qualified for the agricultural portfolio. Before becoming Romania's Agricultural Minister in late 2007, Ciolos, a 40 year-old horticultural engineer, was Romania's representative on the EU's sub-Ministerial Special Committee on Agriculture and the Ministry's Under Secretary for EU affairs. He has also worked in DG AGRI, and spent about 8 years in the 1990s working on agriculture and rural development in France. This French connection disturbs some, especially from the UK, but Ciolos is also seen as someone extremely interested in modernizing and bringing science to the sector.

Industry and Entrepreneurship:

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¶29. (U) Now headed by German Guenther Verheugen, the Enterprise and Industry portfolio in the Commission has been on the decline; Barroso accelerated this considerably in his Friday announcement by saying the pharmaceutical, medical devices and cosmetics units, as well as the European Medicines Agency, would shift to DG SANCO. DG ENT was dealt additional blows by losing its hold on the remainder of the Better Regulation dossier, which has shifted to the Secretary General's office, as well as Verheugen's lead over the Transatlantic Economic Council. This in many ways leaves a rump directorate that will be focused primarily on dealing with the woes of the auto sector, as well as "entrepreneurship". The weaker Commissioner will still have to play a key role in trying to support the interests of industry in ensuring EU regulation is not overly onerous, especially on smaller businesses.

¶30. (SBU) Italian Antonio Tajani, now Commissioner for Transport, is at best moving laterally; some feel the shift to Industry may be a demotion. The 56 year-old Tajani, after 15 years in the European Parliament, is not seen as having had much impact in the Commission, although to be fair he has been there only seven months (he replaced Franco Frattini when the latter became Italy's Foreign Minister). Tajani, a career soldier journalist and politician is close to Berlusconi and was at the creation of the Forza Italia. DG ENT staff are not convinced he can bring a new dynamism to the Directorate.

Transport:

¶31. (U) The Transport Commissioner position Tajani leaves is immediately important to us as the U.S. and EU are negotiating the "second stage" of our Open Skies agreement the first half of 2010. Transport will be made into its own Directorate-General, with the half that reported to Tajani splitting from energy. The new Directorate General will also oversee the European Aviation Safety Agency, the European Railway Agency, the European Maritime Safety Agency and the Trans-European Transport Network Executive; it will lose control over state aid decisions in the sector, which will go to DG COMP. The road and rail parts of Transport, although not now high in our bilateral relations, may become more so with

increased U.S. interest in Europe's high speed rail (Transport Secretary LaHood explored this when he visited Europe in May and November, and Federal Railroad Administrator Szabo was here two weeks ago) and EU interest in our experience with intelligent traffic management systems.

¶32. (SBU) The new Transport Commissioner, Estonian Siim Kallas, 61, does not bring much specific background to the post, but the former President, Foreign and Finance Minister of the small Baltic republic has built a reputation among ranking Commission officials as a shrewd operator, including in his oversight of the rotation of senior Commission posts.

#### Maritime Affairs and Fisheries:

¶33. (U) Responsible for the Integrated Maritime Policy and the Common Fisheries Policy, this Commissioner is charged with balancing the economic potential of the oceans and seas with protecting the marine environment and meeting the needs of coastal communities. It works closely with the European Environmental Agency. Guiding the Integrated Maritime Policy in the fields of spatial planning, comprehensive marine research and data collection, maritime surveillance, along with economic and political concerns of the Baltic, Mediterranean, and Arctic regions requires a deft touch with other EU Services and agencies. Managing the competing economic and environmental demands of European fisheries, and the highly charged political interaction with Member States,

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is an unenviable task.

¶34. (SBU) Putting a Greek in charge of anything having to do with maritime affairs, as Barroso has done with his nomination of Maria Damanaki, will certainly bring an interesting dynamic to the portfolio, and indeed to the College of Commissioners. The issues that affect the shipping industry are critical to Athens, and Damanaki is apt to focus on commercial shipping, as current Maltese Commissioner Borg does. A 57-year old chemical engineer who became active in the fight against the Greek Junta, her personality may mesh well with Siim Kallas', helping reduce the struggles between MARE and Transport. In fisheries, she is likely to support France and Spain with a continued focus on the economic problems of the EU fishing fleets rather than on conservation efforts, increasing US concerns about managing endangered species and magnifying our difference on quotas for bluefin tuna and other commercially valuable catches.

#### Energy:

¶35. (U) Energy and energy security have loomed large on the EU policy radar since the January 1, 2006 cut-off in Russian gas deliveries to Ukraine. EU powers in this area, however, have been limited: while it promoted internal energy market liberalization through Single Market mechanisms, the EU only gets the right to act on external energy security issues with the Lisbon Treaty. Barroso clearly wants a greater focus on this issue, and used the announcement of Commissioner portfolios to confirm that DG Transport and Energy would be split into two, with energy under the new German Commissioner, Gunther Oettinger.

¶36. (SBU) Oettinger, now Minister President for

the state of Baden-Württemberg, was named Germany's Commission candidate in October despite any European bona fides. Many, including in the German community in Brussels, were disappointed in the nomination, saying Merkel wanted only to get a poorly performing Oettinger out of a critical electoral state. This may be one reason Oettinger was not given a more significant role. This, coupled with Germany's dependence on Russian gas, its opposition to a common energy market, and Oettinger's statements that the Commission "not exceed its competencies," raises questions about how hard he will push to diversify Europe's gas supply. Oettinger has a background in law and economics. He entered the Baden-Württemberg assembly in 1984 and became minister-president in 2004. As minister-president, he increased Baden-Württemberg's 2020 renewable energy targets to 20% - consistent with EU legislation, but observers note Baden-Württemberg's wind production is well below the EU's average. Baden-Württemberg is also home to auto manufacturers Porsche and Daimler.

Information Society Q now "Digital Agenda":

137. (SBU) The Digital Agenda/Information Society portfolio has grown steadily in importance, as the sector has expanded its weight in the EU economy. The new Commissioner will oversee finalizing a 10-year EU "Digital Agenda" to replace the 2010 program, in outlining the specific policy actions needed to position the EU ICT market for the next decade. The Digital Agenda will focus on strengthening the EU ICT single market and using ICT to boost economic growth and recovery. A major task will be implementation of the newly passed EU telecoms regulatory reform Q including launching a new EU regulatory agency, expanding the Commission's competition powers over the sector and improving spectrum management. The Digital Agenda will also cover improving broadband access and quality, digital content, and continued responsiveness to consumers.

138. (SBU) With a growing portfolio, Competition

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Commissioner Neelie Kroes' shift to Digital Economy can be seen as lateral, though in practice her influence will likely wane. Kroes is a strong transatlanticist whose extensive business credentials led to surprise when she aggressively pursued competition cases against major U.S. ICT firms, EU energy firms, and a number of cartels during the first Barroso term. Kroes' extensive familiarity with the U.S. ICT sector should be a plus, especially given her recent make-up with Microsoft. She has the potential to make major headway toward an integrated EU ICT market and will closely monitor telecoms incumbents for market abuses and to protect consumers' rights. Kroes likely will continue the tradition of close consultation with the U.S. she developed as Competition Commissioner, though with new U.S. agencies.

Comment

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139. (SBU) Barroso had little choice over whom the member states would appoint to serve with him in the College of Commissioners, and he was pushed by all 27 capitals to give one portfolio or another (six, for instance, reportedly vied for Energy).

140. (SBU) Given these constraints, Barroso has

done a good job. Some capitals will be concerned (Nicosia, potentially Rome), and some portfolios will probably cause problems for us, but in the main the assignments look generally positive for U.S. interests and transatlantic relations.

¶41. (SBU) The Commissioners, however, will all grow into their portfolios in the coming weeks, not least as they go through extensive hearings through January before a stronger, and more activist, European Parliament intent on demonstrating its populist credentials. We do not discount the likelihood that some of the candidates noted above may have to withdraw before the January 26 vote on the College, as happened in ¶2004. In this event, however, the portfolios are unlikely to change.

¶42. (SBU) Given this need for confirmation, it may be premature to reach out now to formally congratulate the candidates, especially those who will be new to the Commission. That said, early contact after confirmation, and early meetings next year, can only help smooth transatlantic cooperation across the swathe of U.S.-EU economic policy issues.

MURRAY